A World Economy: Paradigms Lost and Found

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Abstract:
The global economic liberalism of Marshall and Keynes was reborn at the 1991 Annual and Associated Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund (IMF) in Bangkok, Thailand. At issue is that this may be a bold and final stand before the onslaught of sanitized fascism, or it may be that economic interdependence and harmony will succeed with this second coming. Many of the discussions dealt with effectuating the priorities for industrialized countries outlined in the World Bank's World Development Report 1991, including: 1. rolling back restrictions on trade, 2. reforming macroeconomic policy, 3. supporting policy reform, and 4. opening economies to international trade and investment. It is possible that this updated and apotheosized economic liberalism is only a fallacy, but even if the World Bank-IMF paradigm cannot survive whole, on its own terms, it is a rather global organization. It may have enough expertise, flexibility, wise leadership, and compassion to create and manage new syntheses.

Full Text:

"Imperialism in the air! Imperialism everywhere! The people are drunk with imperialism!" The time:

1897. The occasion: Queen Victoria's Diamond Jubilee. The observer: Beatrice Webb.

That cry seems almost prescient to the ideology and business of the 1991 Annual and Associated Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund (IMF), held in Bangkok, Thailand, October 717. After the fractures of almost a century, the Liberal Imperialism set forth by Alfred Marshall in his 1890 work, Principles of Economics, was the subtext to the nascent international economic order of 1991.

GLOBAL LIBERAL IMPERIALISM

In his Principles of Economics, Marshall had systematized the brave, new politico-economic world of British leadership in technology, finance, and world affairs. The Empire seemed secure; the Navy ruled the waves; middle-class social concern, guided by God and the invisible hand of harmonious competition linked to a worldwide division of labor, would finally free mankind from poverty, ignorance, slavery, exploitation, disease, and strife.

He had written confidently that the old marriage of politics and arithmetic--political economy--was to be superseded by an independent science: Economics. His neoclassical paradigm reflected the worldview of an elite group of decent, concerned, middle-class academicians living in a pleasant grove on a smallish island off the west coast of Europe. But the firm foundation for a world workshop that underlay British thinking and planning was shaken by the tectonic disasters that began in August, 1914.

The First World War saw the beginning of the end of Empire and of British dreams of burgeoning hegemony and progress associated with harmony theory, natural law, and marginal utilitarianism. These dreams, expressed by Marshall's predecessors among British economists (John Stuart Mill, McCulloch, Nassau Senior, Ricardo, Adam Smith) had already been challenged by the researches of two German expatriates--one a social philosopher, the other a British factory manager--Karl Marx and Friedrich Engels.

Confirmation of the insights of Marx and Engels came by way of armed conflict over the division of the world's resources and political power. The old ghosts of nationalisms, particularisms, parochialisms and feudalisms, thought to have been exorcised by industrial and commercial modernization, returned as the living flesh of neomercantilism. Liberal Imperialism was diverted and finally sapped by internecine rivalries for markets, loot, and dumping grounds to accommodate the unemployed and restless human units in societies constrained by tradition and class interests from expanding their economic possibilities.

John Maynard Keynes, Marshall's most gifted student, and Keynes's counterparts in Europe, the British Dominions, and America, kept trying hard, after 1918, to put Humpty Dumpty together again. Without global political hegemony, however, this was to be a Sisyphean, almost illusory enterprise. European revanchisms, the rise of the Soviet Union, storms over Asia, and the mismanagement of isolationist America brought the world economy to the brink of catastrophe by 1933. Alfred Marshall's blueprint of forty years before seemed like a lost Atlantis. To fend off the imminent disaster of extremist political resolutions of the crisis, which would very likely have crippled or destroyed the body of American civil rights and freedoms, Franklin Roosevelt turned to Keynes. Keynesianism, at that time, was a dirty word in many quarters of the Establishment, like Marxism today.

Ad hoc, limited Keynesian measures failed to arrest the Great Depression; but the Second World War succeeded. It provided secure orders for heavy industry, massive investment, full employment, the large-scale entry of women into the labor sector (to replace men sent to the armed forces), lots of effective demand, lots of profits, and a great vitalizing of economic activity.

After the war, America became the linchpin of the world of liberal, democratic capitalism. The Marshall Plan was instituted to restore that paradigm to Europe, lest Marxian socialism under Soviet auspices should preempt the possibilities for European renewal and--God forbid--make a success of Marxian blueprints for a better society. Germany and Japan, the enemies in World War II, were brought into the Organization for European Economic Cooperation (OEEC)-NATO-American hegemonic fold; the revanchist errors of the Versailles Treaty, after World War I, were not to be repeated.

Nineteenth-century critics of capitalism claimed that interest, rent, and profits were mainly exploitive instruments of class-based domination. In rebuttal, an extensive literature and politics arose to create a positive frame of reference for that tripod of the new mode of production: interest, rent, and profits were to be recognized as functional to the growth and productivity of an ever-widening social system that would be characterized by freedom, competition, and efficiency. Managed by reasonable, socially motivated administrators and their professional advisors, this latter-day Utilitarianism could become a reality, and a New World Order put into place. American planners would reestablish Alfred Marshall's global interdependence and harmony theory, this time with Keynesian, state-participation Principles of Economics. Business cycles were to be flattened out or even eliminated, by the "fine tuning" of monetary and fiscal policy. The modified social-Darwinism that had haunted Alfred Marshall's Christian-ethical vision of a just society was to be superseded by a kind of social democracy: the welfare state.

It all worked well for about twenty years, investment and effective demand beefed up by Korean and Vietnamese warm spots in the ongoing Cold War. Then it started coming apart, and the full employment, stable prices, and social growth desiderata of the New Economics seemed, by 1974, to be ready for the dustbin of history. But with massive deficits, seesaw fiscal and monetary expedients, and carefully hyperbolic bipolar chauvinism, the game of cornucopic societal welfare was extended. The events of 1989-90 in Eastern Europe--the "collapse of Communism" (which had never existed--and the stunning demonstration of American-cum-United Nations military-technological and, perhaps, political power in the Gulf War brought the United States up front and center in a new variation of an old theme: Liberal Imperialism, the light that had failed the British Empire.

POTEMKIN VILLAGE VENUE, 1991

Integral to the process of reestablishing global interdependence and harmony were the 1991 Annual and Associated Meetings of the Boards of Governors of the IMF and World Bank Group. Some 1600 journalists from 55 countries crowded the press conferences, seminars, lectures, VIP addresses, an--in dissent from **Milton Friedman's** dictum--free lunches. Private bankers from around the world attended as observers; 155 member countries sent 2000 delegates--finance ministers, central bank governors, and officials, World Bank-IMF functionaries, technical staff--to review and plan policies. World Bank-IMF expenses for the conference (without allocating permanent staff salaries) came to about $10 million.

There were addresses by the Economic Counselor and Director, IMF Research Group; the Managing Director of the IMF; the Chairman of Southeast Asia's most influential politico-economic body: the Bangkok Bank; the Chairman, Interim Committee Managing Director, IMF; the Chairman, Development Committee, President World Bank Group; the Chairman of the Boards of Governors of the World Bank; the President of the World Bank Group; the British Chancellor of the Exchequer.

The venue was Bangkok's brand-new Queen Sirikit National Convention Center, to which factitiously booming Thailand hopes to attract more world-class meetings. The Center cost about $100 million. It is a symbol of the mindset of much of Thailand's new upper crust and some of its older, feudalistic traditions: vanity, face, bluff. The ghosts of Karl Wittfogel (0riental Despotism) and Karl Marx (Capital) may, in the face of the social reality of Thailand, be chuckling with the intellectual satisfaction of analysis confirmed, prophesy justified. The ghost of Carl Synder (Capitalism, the Creator) may itself be satisfied with the possibilities beneath the veneer, the glitz, and the palpable contradictions in Bangkok between The City of the Rich and The City of the Poor. Thai public relations made strenuous efforts to create a Potemkin-village impression on the Beautiful People from Beulah Land.

Could the factor inputs into the $100 million hall, the $10 million expense sheet of the World Bank-IMF, and the $17 million budgeted for the occasion by the Thai government have been put to greater social advantage in a city with sufficient facilities already for assemblies, and somewhere between 1.2 and 2 million slum dwellers? It is hoped by the Thai Sanhedrin that the high style of the Queen Sirikit Center will enhance Thailand's image as the upcoming hub of a large, potentially rich region that can be developed (with World Bank and IMF help) into a major global politico-economic force. If so, it is hoped also, in the **neoliberal** paradigm, that slums and unemployment, rural poverty and depopulation, widespread prostitution, child labor, environmental devastation--not to mention Bangkok's traffic congestion; air, water, noise and cultural pollution; and rising crime rates are to become controlled. The prosperity attendant upon the rational management of Thailand's human and physical resources is to flatten out the skewed curve of income shares: 60 percent of the people get 25 percent of the GDP, 20 percent get 55 percent of the national income, 10 percent of Thais get 38 percent, 20 percent of Thais get 4.5 percent of the GDP, and the Gini coefficient in 1988 was 0.479.

A SECOND COMING?

But perhaps the Second Coming of Economic Liberalism is not a transcendental fantasy at all. For Thailand is a World Bank-IMF success story. In the early 1980s, the Kingdom was running 19 percent inflation, with an export slump, a worrying balance of payments deficit, international reserves dwindling to U.S. $2-3 billion, and a debt-service to export-earnings ratio of 22 percent. The trade-off for World Bank and IMF loans was a rigorous program of economic adjustment, with growing emphasis upon private sector development. Since 1987, growth--at least on bankers' balance sheets--has been spectacular.

Some critics call the efforts of the international organizations "The Debt Trap." Some focus attention on the liability side of development programs: the ecological effects on, and flooding-out of, villages and farmlands by big hydroelectric dams; agroindustry schemes that involve massive amounts of chemical pesticides; the impact on traditional village communities and agriculture of large-scale tree (mainly eucalyptus) farms, underwritten by big capital, to replace diminished forest cover (from 62 percent of the land in 1950, to 25 percent in 1991). Over ten million villagers living in degraded forest areas are under threat. Only 15 percent of the original, rich rainforest remains. The coexistence of man and forest is at risk. Villagers, environmentalists, researchers and academics are opposed to the tree-plantation scheme. Big investors, the Ministry of Agriculture, and the Department of Forestry support it.

Physical growth in Thailand--private sector development--especially in Bangkok, leans heavily to speculative high-rise office buildings, condominiums for the well-to-do, golf courses for military (and civilian) nabobs, luxury hotels and seaside resorts, a supersaturation by 2.4 million motor vehicles of limited road space and law-enforcement possibilities.

DEVELOPMENT AS IF PEOPLE MATTERED

To underline criticisms of the World Bank-IMF-International Community plans for a New World Order, the "1991 People's Forum" ("Development as if People Mattered") ran concurrently with the luxury proceedings at the Queen Sirikit Center. The People's Forum convened across town from the World Bank-IMF meetings, at Chulalongkorn University, one of Thailand's most prestigious research and teaching institutions.

Wistful for the past, like Garrison Keillor or Louis D. Brandeis or **Milton Friedman**, the People's Group stated: "The main objective of the Forum is to present socially just, economically viable, and environmentally benign development alternatives to the present day monolithic concepts of 'development' and 'progress.' Development as proffered by governments and policy makers with support from international aid agencies like the World Bank and the International Monetary Fund promises economic salvation and happiness but is marginalizing ever larger numbers of people already struggling for survival. In reality the modern vision of 'progress' has, in far too many instances, increased economic inequality and social tensions, and led to the continuing destruction of the environment and the natural resource base."

The Forum brought together people from Thailand and other parts of the world involved with village-level development activists and groups working on environmental issues, social justice, rural development, women's and other human rights, and related issues.

Case studies for the Thai side of the Forum dealt with land distribution and use; forest resources; the coastal ecosystem and the impact of the rapid expansion of shrimp farming on fishing communities and rice farmers, with emphasis on local people's management of coastal resources; the struggle for shelter by the urban impoverished; the impact of the construction of large-scale power generators on the environment and local people's quality of life; World Bank financed dams and their impact; the role of the World Bank in mainstream agricultural policies. Their effects; conflicts between demands for water. Small-scale traditional agriculture and traditional forms of water management at the local, state and regional level; local handicrafts: the disappearance of local weavers as a result of industrialization. Local people's struggle to revitalize weaving knowledge and skills to increase the income and enhance the status of women; the effect of government policies and World Bank-financed projects for hill tribes in the North of Thailand.

Case studies for the International side of the Forum at Chulalongkorn University dealt with forestry in Thailand, Malaysia, India, and Papua New Guinea. The concerns were the development of people's movements for land rights and community management of forestry rights; commercial logging; deforestation in the name of afforestation, among others. As to water resources, the International Forum case studies involved: the problem of water resource management and conflicts in water usage in Thailand; floods and watershed management in India, Bangladesh and Nepal; marine resources conservation in the Philippines; dams and industrialization in a tribal area in India, Bihar; the relationship between water resources and women's development in a village in Zimbabwe, Africa.

The International Forum case studies in agriculture included the effect, in Thailand, of the Green Revolution in rice production, with traditional alternatives; sustainable agriculture in the Philippines; alternative approaches to agriculture in Brazil; and, in Nigeria, "using our own resources to enhance roles of women in agriculture for food production, development and health."

In the area of urbanization and industrialization, the International Forum dealt with the problem of newly industrialized countries and people's alternatives, as seen in Taiwan and Korea; the slum dwellers' movement for land and housing rights in Thailand; alternative economic models in the Philippines; the people's struggle to obtain housing in Papua New Guinea; and the rapid urbanization of Mexico.

More than one hundred key environment and development activists from around the world, along with international and Thai media, academics, students and policy makers from Thailand attended the Forum.

IMPACT OF THE ACTIVISTS

The contrast between the scale and resources of this ongoing grassroots development effort, and the breadth, depth, wealth, and technical apparatus of the World Bank-IMF activities across town in Bangkok for a few days, and permanently encapsulated into the International Community network, seems to be almost a microcosm of the contradictions of the world we live in. But, in fact, the World Bank and IMF have been listening to activist criticisms (if not sufficiently for the activists), and they are cleaning up their act.

The World Bank is increasingly supporting nongovernmental organizations like those active in the People's Forum. It is dealing with "The Environmental Challenge of Development" in agriculture, deserts and arid lands, forests, biodiversity management techniques, energy, pollution, health, population, and the protection of cultural property. Barber B. Conable, who retired as World Bank president this year, said: "Nature's gifts can be both used and saved. To strike and keep that balance requires vision, wisdom, and the coordination of public and private energies in a partnership for sustained development."

The World Bank's theoretical position on environment seems unassailable: "Industrial countries... account for 6 percent of the planet's people and about 75 percent of global warming. They must curb their own practices that destroy the atmosphere and other resources. With their financial resources they must help protect precious natural endowments in the developing world....Entirely new ways of addressing people's relations with nature are needed. It is not enough to add environment projects to the World Bank's lending portfolio. The challenge goes far beyond that. Environmental considerations must be integrated into the mainstream of development thinking: rooted so deeply that they are viewed not as impositions from outside, but as internal imperatives both in developing and developed countries."

If theory is to become practice in a rather Hobbesian world, even the financial and organizational resources of the ever-widening influence (Eastern Europe and nations of the former USSR are coming into the Club) of the Bank and IMF will not be sufficient. Less-socially motivated adaptations of updated Pleistocene Man, whether in the megalopoli like Bangkok and Mexico City, or spread and organized globally, seem to be the bottom line. The Bank and IMF, whatever their flaws, limitations, and fatcat tendencies, are normatively on the side of the angels. But angels, in the reality of history, have not been on top. "Nice guys never win," said Leo Durocher. A look at Bangkok and Thailand, star jewels in the World Bank-IMF diadem, may bring perspective.

CRITICISMS OF WORLD BANK/IMF POLICY

The World Bank has placed some $4,375 billion in Thailand since the early 1950s; $1.8 billion more is promised. Critics say that it has "exacerbated deforestation, together with the misery it brings to ordinary villagers, not just through a few careless projects or neglect of the forest sector, but through an entire pattern of investment and economic policy undertaken in collaboration with the country's past military rulers... who saw foreign capital as a way of shoring up (their) rule. The bank first began helping to open up the country to overseas investment and the world economy in the 1950s. Since then, it has encouraged the government to subsidize, rather than compete with big firms; to keep labor costs low; and to make alliances with members of the local elite who could benefit from industrialization, export promotion, and rural development. By providing loans for power stations, pipelines, and communications, it has forced ordinary people to underwrite the overhead costs of big business....World Bank projects and advice have succeeded in pulling Thailand into a world economic game in which it remains at a perpetual disadvantage in terms of trade, bargaining power, and ability to protect itself through subsidies and tariffs." (Thus, Larry Lohmann, associate editor of the British-based Ecologist magazine.)

"Poverty reduction is the Bank's most fundamental goal," said the World Bank spokesman at the Bangkok meetings. "Our priorities are, first, growth, and then sectoral adjustments. An enabling environment for the private sector is essential."

Bank policy totally bans logging in tropical moist forests (but implementation of this and other virtuous norms has to confront the political forces of greed and asocial individualism, that concentrate on the quantitative aspect of growth while side-stepping the qualitative. This simply becomes growth-fetishism, even with the Bank's (not always) careful attempts at monitoring. Country loans are difficult to monitor after the politicians get their hands on the money. The International Community's qualitative analyses or standards for growth can become academic matters, for politicians to smile at. "This is the greatest thing since bootlegging," said an American moneylender.

Here are some further criticisms of the World Bank: (1) It is dominated by big, rich countries, led by the United States; (2) It emphasizes a free market economy and privatization while suppressing nationalism and socialism; (3) It presses for export economies and creates export zones in many developing countries; "Our main concern is trade, not money," said IMF President Michel Camdessus, at the Bangkok meetings: only a freeing of the trade system can sustain market reform efforts and the further growth of developing countries. What is more, $100 billion are needed just for investments to finance the rehabilitation of the Middle East, the economic transformation of Eastern Germany, Eastern European reforms, and economic reconstruction in the Soviet Union. If world interest rates are not to be forced higher, savings from the industrialized countries will be required to close the savings-investment gap. An end to farm subsidies in the United States, European Community, and Japan would save $100 billion. Furthermore, average military spending should be held to 4.5 percent of a country's GDP. If nations now exceeding that limit will drop to it by reducing military outlays, $140 billion more can be saved.

Criticism number 4: The World Bank's Structural Adjustment Program to meet developing countries; heavy indebtedness in the 1980s created cuts in state spending on education and public health; (5) The Bank supports the floating of prices of commodities, to the advantage of the private sector over the public; (6) There is a lack of checks and balances in the World Bank, with information on its projects kept secret (the Bank rebuts that it has no authority to release information supplied by governments).

A Southeast Asian development-watcher asks: "What can the World Bank, IMF, Bangkok Bank, and other apostles of economic liberalism--with all their perceived concern for social programs; education; environmental rationalization; flattening out the distribution curve; freedom, efficiency and competition; carefully planned and (not always well) monitored country and project loans--these liberal-organization bellwethers of reason and good sense--what can their socially motivated experts do about the exploitation of human and natural resources by the predatory side of free enterprise, which has already staked out and worked huge claims for the quick-profits devastation of Thailand and Burma, and is only waiting for the green light from Kampuchea, Vietnam, and Laos? To what extent is the World Bank-IMF paradigm, volens nolens, an ideology for politico-economic gangsters and racketeers?"

FEARLESS CAPTAINS AT THE HELM

About 36 million Thais (62 percent of the population) work in agriculture. After the coup d'etat in February, 1991, acting Prime Minister Anand Panyarachun, an industrialist, Cambridge graduate, and diplomat who left Thai government service twelve years ago for the Thai corporate ionosphere and eventual chairmanship of the Federation of Thai Industries, was appointed to rationalize the Thai political and economic shambles. One of his plans will be to upgrade the marginal working and living conditions of ten million farmers. The flow to Bangkok of farmers, power-dammed or tree-plantationed out of their land and their village cultures; and of fishers, ruined by big-trawler competition, is the supply side of prostitution, crime, slums, drug addiction, congestion, pollution, and despair.

A capital ship for an ocean trip was the Walloping Window Blind, No storm that blew dismayed the crew or troubled the captain's mind.

The captain of the good ship Bank/Fund is two-headed. One head is Lewis T. Preston, 65, the Harvard-trained successor to Barber B. Conable, on September 1, 1991, as Bank president. With a three-year hitch in the U.S. Marines, and a forty-year hitch at J.P. Morgan & Co.--cum-Morgan Guaranty Bank, behind him, Mr. Preston brings vast experience in both American field and international banking, along with courage, social optimism, intellectual humility, and the insouciance of a native New Yorker. He talks a little bit like former New York Governor Alfred Emmanuel Smith, whom bigotry helped to defeat for the American presidency in 1928.

The other head is Michel Camdessus, 57, trained to perfection in the French incubator for highest level civil servants: the University of Paris, Institute of Political Studies, and National School of Administration. Named Governor of the IMF for France, in 1984, he was Governor of the Bank of France also, from 1984 until his appointment in 1987 as Managing Director and Chairman of the Executive Board of the IMF. His term of office has been renewed until January, 1997. M. Camdessus brings wit, charm, vast knowledge and scholarship, urbanity and Catholic humanism, along with the modesty of completely self-assured leadership, to his pivotal post in the affairs of a troubled world.

Neither Lewis Preston nor Michel Camdessus underestimates the complexity and difficulty of getting a socially interdependent globe on track. Neither seems fazed by the salient problems emphasized at the Bangkok meetings: (1) The alleviation of poverty; (2) The achievement of sustainable growth; (3) Dubious current prospects for the world economy; (4) Human resource development, with emphasis on upgrading and extending primary education in developing countries; (5) Stagnant global savings growth and the productive use of scarce resources; (6) Inadequate global economic growth, high unemployment, and unused capacity; (7) The interactions between governments and markets; (8) The freeing-up of trade, and the impasse at the Uruguay Round of GATT: (9) Assisting in a "market-friendly" approach to development; (10) More equitable income distribution both within and among countries; (11) Peace as the basis of sustainable development; (l2) Global integration in the flow of goods, services, capital and labor; (13) Providing a stable macrocconomic foundation to restore the confidence of the private sector; (14) Stabilizing exchange rates; (15) Reallocating the roles of the state and the private sector; (16) The debt crisis; (17) Environmental protection; (18) Population control;

(19) Health care, with emphasis on controlling AIDS; (20) The transformation of the post-USSR and Eastern Europe into market economies.

THE STIPULATED PRIORITIES

Much of the business of the Presidents; Ministers, Deputies, Interim Committee, Development Committee, and annual discussions had to do with effectuating the priorities for action outlined in the World Bank's World Development Report 1991: "The industrial countries need to:

* ROLLBACK RESTRICTIONS ON TRADE. The Uruguay Round of trade talks must not be allowed to fail. Nontariff barriers to trade need to be dismantled. Developing countries would benefit from being granted unrestricted access to industrial-country markets--some $55 billion in additional export earnings, or as much as they receive in aid.

* REFORM MACROECONOMIC POLICY. Reduced fiscal deficits, stable financial systems, stable currencies, low and stable interest rates, and steady noninflationary growth would transform the climate for development in the rest of the world.

"The industrial countries and multilateral agencies, including the World Bank, can strengthen development prospects by enhancing the quantity and quality of external financial assistance. They need to:

* INCREASE FINANCIAL SUPPORT. More external financing, both concessional and nonconcessional, would greatly strengthen the development effort. Many developing countries continue to struggle with heavy burdens of external debt. Further progress in extending debt relief to the middle-and-low-income countries is needed.

* SUPPORT POLICY REFORM. Additional financing will be far more effective when it supports sound domestic policies. Experience shows that it pays lenders and borrowers alike to ensure that investments and market-friendly policies go together.

* ENCOURAGE SUSTAINABLE GROWTH. The global community has a great responsibility to take common action to protect the earth's environment, and to support the control of environmental degradation in developing countries.

Governments in the developing countries must:

* INVEST IN PEOPLE. Spend more, and more efficiently, on primary education, basic health care, nutrition, and family planning. That requires shifts in spending priorities; greater efficiency and better targeting of expenditures, and in some cases greater resource mobilization.

* IMPROVE THE CLIMATE FOR ENTERPRISE. Governments need to intervene less in industrial and agricultural pricing, to deregulate restrictions to entry and exit, and to focus instead on ensuring adequate infrastructure and institutions.

* OPEN ECONOMIES TO INTERNATIONAL TRADE AND INVESTMENT. This calls for far fewer nontariff restrictions on trade and investments, substantially lower tariffs, and a decisive move away from discretionary forms of control.

* GET MACROECONOMIC POLICY RIGHT. Macroeconomic policy needs to ensure that fiscal deficits are low and inflation kept in check. Appropriate, market-based incentives for savings and investment are essential if domestic resources are to play their essential part in financing development.

"In each of these areas, the challenge to policymakers is to exploit the complementarities between state and market. They can transform the outlook for economic development by having the state intervene less where it may (for example, in production), and more where it must (for example in environmental protection) by strengthening institutions and capabilities, by finding nondistortionary ways to promote equity, and by fostering checks and balances in governments."

CAPTAIN OF BANGKOK BANK

Dr. Amnuay Viravan, who delivered the 1991 Per Jacobsson Lecture on his home turf, the towering headquarters of the Bangkok Bank, is 59 years old. His background is all business: a Bachelors of Commerce degree from Chulalongkorn University, Bangkok; and, from the University of Michigan, an M.B.A. with Distinction, an M.A. in Economics, and a Ph.D. in Business Administration.

Tapped for leadership in Thailand's power elite, Dr. Amnuay, in only thirty-three years, has served at top levels: in National Development, Board of Investment, Customs Department, and Finance, becoming Minister in 1980. He has held some of the highest positions in state enterprises: the Port Authority, Electricity Generating Authority, Rubber Replanting Aid Fund, National Petroleum Authority, Tobacco Monopoly, State Lottery Bureau, and Chairman of the Board of three large banks, as well as Board Member of the Thai central bank.

Dr. Amnuay has been Governor for Thailand of both the Association of Southeast Asian Nations (ASEAN) Development Bank and the World Bank. His high offices with the Association of Thai Industries and the ASEAN Chamber of Commerce and Industries summarize his membership in a wide spectrum of legislative, administrative, security, social development, education, and research organizations, which gives him an almost Olympian view of Thailand's and Southeast Asia's problems and possibilities--at least from the viewpoint of the banking-and-summit metaphysic.

The chairmanship of the Bangkok Bank consolidates the advantages of information from the bank's almost 400 branches in Thailand and 15 overseas branches in major cities of the Far East and world financial centers. In addition to its own foreign representation, the Bangkok Bank has over 1556 correspondent banks throughout the world. It is the largest commercial bank in Thailand and Southeast Asia.

Not bad, for only forty-seven years in business. Small wonder that this expansive momentum is looking ahead to regional cooperation, perhaps even de facto unity. In an update of Imperialism, the Highest Stage of Capitalism, the Bangkok Bank and Dr. Amnuay find themselves at the nerve center of information, influence, and power, especially since imperialism, the Highest Stage of Pseudo-Socialism, has been coerced and cajoled out of its plans and programs, and coopted into the New World Order.

Scholars of determinism may even find a parallel development between the organizational changes of an industrializing Southeast Asia, from 1945 to 1991, and the industrialization-cum-monopoly capitalization of Germany, from 1871 to 1916, when Lenin published his analysis.

PRIVATIZATION PROGRAM

Can Thailand, the IMF, the World Bank, and big capital make a productive, efficient, rational human society out of feudalistic, revanchist, parochial, war-ravaged Southeast Asia? If Thailand cannot even lay and maintain decent sidewalks in its capital city, or control suffocating pollution and grid-lock traffic congestion (1100 new motor vehicle registrations daily, with an infrastructure unable to cope), how will it rehabilitate a vast region?

The Bangkok Bank's first priority is to rationalize "the economy" (note: not "the society"). The key is privatization. In Dr. Amnuay's Per Jacobsson Lecture for the World Bank and top-level foreign bankers, he delineated the program.

First, he talked about "The Triumph of Private Enterprise," without mentioning some thirty million unemployed in the Organization for Economic Cooperation and Development (OECD) countries, massive bank failures, rigged security markets, barely governable inflation, runaway commodity and stock prices, the disarray of the money/banking/credit system, and Keynes's concept of social growth being caricatured into a growth-fetishism that clogs the streets of Bangkok and other megalopoli with motor vehicles produced far beyond the limits of the Law of Diminishing Social Returns.

Concentrating on "Privatization: Financial Choices and Opportunities," Dr. Amnuay sidestepped the World Bank's own imperatives for complementarity between the private and public sectors. Not a word about the environmental and social effects of an ill-advised, greedy element of private enterprise, which, in Thailand, has muscled its way into Alfred Marshall's and the International Community's enticing Weltanschaung of harmonious production, distribution, and exchange.

Dr. Amnuay is not to be faulted for high hopes that privatization can lift Thailand up by its bootstraps. The state sector is widely perceived as inefficient, nepotistic, corrupt, wasteful, badly managed, poorly disciplined, and ineptly led. But if it is to be rationalized, who or what will transform the tradition-shackled minds of working personnel and middle-managers? What happens to the sloughed-off, redundant staff, and who, in extended-family, old-boy-networks, in-group Thailand will be the hatchet man? Many, perhaps most, Thai public sector jobs were bought. Will refunds be in order? At any rate, Dr. Amnuay's motives are laudable, like those of Margaret Thatcher, whose privatization program he commends, without analyzing its unemployment effects, its social and economic desertification of large patches of the United Kingdom, and its ancillary assaults on established social programs.

Professor John Munkirs, in The Transformation of American Capitalism (1985), claimed that 55-60 percent of the U.S. economy was, at that time, centrally planned and controlled, with administered prices. Would extensive privatization in Thailand, without compensatory competition, and if the influence of the Bangkok Bank widens in ASEAN, increase already marked income disparities as Thailand evolves into a society paralleling America's growing monopoly capitalism? Would it not be ironical, if privatization doctrine has its way in Southeast Asia, that the road to defacto socialism was paved by the profits determinism of well-meaning bankers and technocrats?

To condition the reflexes toward investment in Thailand, of the distinguished guests at the Per Jacobsson Lecture, the Thai Bankers Association, which is the Kingdom's posh money and credit cartel, staged a Lucullan banquet after the lecture. It took place in the Bangkok Bank Headquarters building's private dining rooms, twenty-nine floors up, far above the madding crowd's ignoble strife. It was one of many lavish spreads for visiting bankers, ministers, governors, and sometimes even journalists. Belshazzar's Feast? No handwriting was evident on the walls of the Bangkok Bank's clubroom, or, indeed, on the walls of other retreats for visiting gourmets. Over twenty opulent banquets for the itinerant moneylenders were hosted in Bangkok's luxury hotels by such well-known poverty-alleviators as Manufacturers Hanover, First Boston, Hongkong and Shanghai, Chase Manhattan, Lehman Brothers, Goldman Sachs, Deutsche Genossenschafts, International Abecor Banning Group, Dai Ichi Kangyo--you name it. No Daniel appeared at any of the feasts to decipher cryptic warnings.

But, in fact, there is a formidable tradition among politico-economists and social philosophers of doubt about the sustainability and unblemished virtues of both highly-privatized societies, and the validity of the thinking which tries to justify them. Among the skeptics are Plato, Aristotle, St. Thomas More, Karl Marx, Gunnar Myrdal, Thorstein Veblen, John R. Commons, Joseph Schumpeter, John Maynard Keynes, John Kenneth Galbraith, Paul Sweezy, Thomas Balogh, Joan Robinson, Robert Heilbroner (earlier phase), Fidel Castro, the World Bank Development Report 1991, Professor E.H. Phelps Brown.

Here is a resume of Oxford economist, Professor E.H. Phelps Brown's Presidential Address to the Royal Economics Society, 8 July 1971, when he stated his case as "The Underdevelopment of Economics." After pointing to the paucity of significant empirical background to support the general conclusions reached by economists, he compared the scientific status of economics with that of physics in the seventeenth century. Quoting Oskar Morgenstern: "The decisive break which came in physics in the seventeenth century, specifically in the field of mechanics, was possible only because of previous developments in astronomy. It was backed by several millennia of systematic, scientific astronomical observation, culminating in an observer of unparalleled caliber, Tycho Brahe. Nothing of this sort has occurred in economic science. It would have been absurd in physics to have expected Kepler and Newton without Tycho--and there is no reason to hope for an easier development in economics." Professor Phelps Brown went on to say that "When we are tempted to dismiss observations of behavior as lacking in generality, let us reflect that not until we have had many, many more years of them, shall we be in a position to generalise at all. Until then, our mathematisation is premature....On the view that I have advanced, our own science has hardly yet reached its seventeenth century. I believe we shall make better progress when we realize how far we have to go."

BORN-AGAIN LIBERALISM VS. SANITIZED FASCISM

Is the New World Order's economic base built on quicksand? Is updated and apotheosized economic liberalism only a fallacy, the rationale of the social excesses of nineteenth-century springtime capitalism, itself an anomalous spurt in history? Is born-again economic liberalism a kind of last-ditch, bravura stand?

But even if the World Bank-IMF paradigm cannot survive whole, on its own terms, still it is a rather global organization, and it may have enough expertise, flexibility, wise leadership, and compassion to create and manage new syntheses.

Bankers are people of hope and faith. After all, what else have we now but the hopes and faith of the International Community between us and growing warlordism, camouflaged by a sanitized fascism?

Warlordism--military particularism--may become widespread as a corollary of big-city population expansion. ESCAP (the United Nations Economic and Social Commission for Asia and the Pacific) in Bangkok provides statistics as of 1990: China (including Taiwan) had thirty-eight cities with more than a million people; Southeast Asia, twelve; Japan, six (Tokyo, 18 million); the two Koreas, seven; South Asia, thirty-eight; Hong Kong. By A.D. 2000, the numbers and populations of these megalopoli will be augmented (valid projections are not available).

These agglomerations of mostly poor people and modern techniques for insurrection and crime can no longer be controlled by law-enforcement models of more innocent eras. The way out is intensive, forced or cajoled popular participation in policing, down to the grass roots: the block-wardens of Hitler Germany, the neighborhood committees of China. These, in turn, are disciplined by a top, military-monitored elite--warlords, parochial or federated.

The organization of these forces will be fascist because effective antifascism has now been vitiated.

It will be sanitized by the immense and globally comprehensive public relations apparatus that has become perfected, during the last forty years, by television.

Will it not be a wonder, in the face of these developments, if "the world economy" can be managed by resurrected Walrasian hopes?

Will it not be a miracle if it can be kept going to social advantage, for more than a short time, by rival military dictators?

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